



Public private partnerships in employment and related services

Output 4 – Innovative policy design of active labour market policies (ALMPs)

Acknowledgements

This note is part of a series of short notes that were prepared as part of the DG Reform funded project [Reforming the Existing and Designing of New Measures for Activating Inactive Persons and their Inclusion in the Labour Market in Bulgaria](#). This series of notes aims to help Bulgaria develop a better understanding of innovative ways of funding and delivering active labour market policies.

This note is based on a series of semi-structured interviews conducted with country experts from public and private employment agencies. Without participants generosity with their time this note would not be possible.

An interview on the role of temporary work and recruitment agencies for public-private partnership (PPP) agreements in the Netherlands was conducted with Jurriën Koops and Rochelle van Belle from the temporary work and recruitment agency federation, ABU. On the same topic an interview was conducted with Paul Verschueren of the Federgon, federation of private labour market intermediaries and private HR service providers in Belgium and Kate Shoesmith from the Recruitment and Employment Confederation (REC) in the United Kingdom. For the Jobseeker's Allowance voucher scheme in Veneto an interview was held with Giulia Luisa Bosetti and Maurizio Mirri (both Gi Group, Italy). Julian Hiebl from AMS Austria, the Austrian PES, kindly shared his view on different PPP approaches implemented in Austria, Georg Tomenendal from AMS Austria provided insights on the job search platform *Alle Jobs* ("all jobs") and Maria Brunner and her team answered questions on the implementation of *Implacement Foundations* in the Province of Upper Austria.

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In Brief

Public Private Partnerships in employment and related services

Across OECD countries, Public Employment Services (PES) engage in partnerships with private employment services – including for-profit and not-for-profit organisations (NPOs) – in order to increase the quantity and the quality of service delivery and thus the effectiveness of employment services. Enhancing the volume and coverage of services delivered can be a strategic choice or a short-term choice to respond to a cyclical increase of unemployment. This note focuses on public private partnerships (PPPs) in OECD countries concluded at national, regional or local levels for the delivery of employment services. These partnerships involve the PES and a variety of private actors (including non-governmental organisations (NGOs), NPOs, private companies and social partners). Depending on the type of private actors involved PPPs permit enhancing the PES work with respect to the labour supply side (i.e. jobseekers) or labour demand side (i.e. employers). PPPs targeting the labour supply side could involve partnerships with organisations with experience in working with specific target groups (e.g. people with disabilities, specific minority groups). PPPs focussing on the labour demand side, could support the PES in better accessing vacancies and matching jobseekers (e.g. vacancy platforms) to employment opportunities (e.g. in temporary work agencies (TWA), social enterprises, or companies with labour shortages). PPPs also have the potential to develop innovative approaches in the design and delivery of employment services.

The variety of PPPs is manifold and they vary in scope and depth of cooperation, ranging from loose cooperation and voluntary exchange of experience, agreements on a common understanding and commitment to common objectives, agreements on sharing information and building up labour market information systems, agreements on joint delivery of services, joint development of tools (e.g. webpages), and outsourcing of services or programmes (e.g. through tendering or vouchers). This note develops a framework to classify PPPs along three dimensions:

- Objectives of PPPs,
- Main actors in PPPs, and
- Different forms of PPPs.

The note provides a number of examples from various OECD countries and presents four PPP examples more in depth.

The example of PPPs between the PES and temporary and recruitment agencies in the Netherlands and in the Flemish part of Belgium show that, over time, the PES, TWAs, and recruitment agencies have been building mutual trust and a common understanding of labour market challenges. This has built the basis for enlarged partnerships and increased their scope and format, which go beyond the contractual relationship in outsourced employment services.

The example of outsourcing employment services to independent providers in Italy through a voucher system can be seen as a strategy to overcome weaknesses in employment service delivery by the PES. The example of *Implacement Foundations* in Austria, involving long-term training measures for unemployed to address labour market shortages, shows the benefits of a mixed financing by public and private actors.

1. Introduction

Working in partnerships is key for ensuring good quality employment services and efficient service delivery. Public employment services (PES) engage in partnerships at the national as well as at the local levels for a wide range of activities, services and programmes and with a wide variety of actors. This note focuses on public private partnerships (PPP) in OECD countries for the delivery of employment services. These partnerships broadly involve the PES and a variety of private actors (including non-governmental organisations NGOs or not-for-profit organisations NPOs).

Section 2 of this note gives a brief overview of the rationale and objectives pursued by setting-up PPP and the context in which they are set up, the type of partners involved, the design of partnerships and their potential to generate social innovation. Related governance issues to ensure PPPs bring about expected results are pointed out. The note addresses the question which of the different partnership designs are suited to improve service delivery for vulnerable groups. Section 3 presents short case studies on selected forms of PPP. Examples in these case studies and other examples presented throughout this note were collected from Australia, Austria, Belgium, France, Italy, the Netherlands and the United Kingdom. Section 4 draws conclusions for the development and implementation of PPP.

2. Types of public-private partnerships

2.1. Objectives and benefits of public-private partnerships

There are many reasons for PES to engage in a partnership relation with private actors (including NGOs and NPOs). The main objective for the PES, or the relevant public authority, consists in increasing the quantity and the quality of service delivery and thus the effectiveness of employment services. Enhancing the volume, coverage and potentially the quality of services delivered can be a strategic choice for expanding PES services in general, or for expanding the services in the context of the business cycle. In the latter case the choice of outsourcing services allows to flexibly respond to changing labour market context.

In case of a more strategic and long-term choice to expand the delivery of services by private actors two main rationales can be disentangled, which impacts on the choice of actors involved in partnerships:

- From a labour supply side point of view, taking advantage of specific knowledge and networks of private for profit actors, NGOs and NPOs with regard to a specific target group (e.g. people with disability, NEETs, specific minority groups); and
- From a labour demand side point of view taking advantage of better access to vacancies and employment opportunities in specific labour market segments (e.g. temporary work agencies, social enterprises, companies with labour shortages).

Partnerships can be rather narrow in scope, if they relate to a specific service only, or comprehensive when involving the delivery of several or all services to jobseekers. Those countries that have opted to outsource nearly the totality or the vast majority of employment services, assume that quasi-markets result in better outcomes, are more efficient and more effective (e.g. in Australia¹). Limiting factors for expanding the role of private partners (including NGOs and NPOs) often are governance issues for the public actors. Over time, many countries have searched for the appropriate path to move away from public monopolies to

¹ Australia remains the exception with fully outsourced publicly financed employment services. The UK implements large-scale outsourcing of services for the long-term unemployed and other harder-to-place groups. Sweden is moving in the direction of outsourcing the majority of employment and related services.

opening the delivery employment services to a range of independent providers. The chosen approaches and mix of public and private delivery of employment services largely depends on political choices. Many countries have undergone a try and error process to find the appropriate balance. Whatever the model chosen, moving away from the PES monopolistic provision of employment services poses the key governance issue of maximising efficiency, while making sure that the public interest is met. This can be formulated as the efficient matching of labour supply and demand, increasing labour force participating and labour market integration of vulnerable groups. In case of outsourcing tasks of public interest (e.g. bringing disadvantaged groups into work) to private providers, the public actors need to have excellent governance capacities in order to shape the partnership relationship in the most effective and efficient way.

Offering a broader choice of employment service providers to jobseekers, empowering jobseekers and building on self-responsibility of individuals is another important rationale. This objective is decisive for the way partnerships are designed and implemented.

Partnerships can also be established in order to bundle resources, e.g. sharing vacancies or bundle financial resources. This leads to new forms of partnerships that go beyond contractual relationship and outsourcing.

2.2. Main actors in public-private partnerships

A distinction can be made between demand-side oriented labour intermediation organisations, which perceive employers as their main client, and supply-side oriented labour intermediation, which perceive jobseekers as their main client. In the following, an overview of the main actors involved in PPP is given as well as their motivation and incentives to engage in partnerships.

Public actors and incentives to conclude public-private partnerships

Public employment services and/or the main authority in charge for managing the delivery of employment services (mainly Labour Ministries at the central level and often municipalities at the local level) are the main partners on the public side, while the private partners encompass a wide variety of actors. Depending on their autonomy and size of their own budgets in the area of economic development and education, employment and social policies, regional governments may be relevant partners for the PES for bundling financial resources and regional labour market information.

Public employment services

Public employment services have been set up for labour intermediation of unemployed jobseekers, in particular unemployment benefit recipients. In many countries, they increasingly serve also other welfare benefit recipients (social assistance or means-tested minimum income and disability benefit recipients) as a result of improved coordination and cooperation between public actors in a range of countries. They also serve jobseekers who have no access to benefits, either because they are employed but want or need to change jobs and inactive people (e.g. women after a child rearing phase). Public employment services have increasingly started to segment their clients in relation to their distance to the labour market and have offered their services accordingly (e.g. Desiere et al. (2019) and Loxha et al. (2014)). Likewise, PES employer services need to develop their outreach strategies and services offered to employers accordingly (see note on “New ways to reach out to employers” produced for Output 4 of this project).

To better achieve this complex set of objectives, PES have engaged in partnerships with a broad set of private actors and focusing on different activity areas: providing information, outreaching to jobseekers and to employers, providing guidance to jobseekers, designing and implementing training and other employability enhancing activities, providing recruitment services and counselling to employers and labour intermediation.

In some countries, social security institutions play a key role for the organisation of employment service delivery. E.g. in the Netherlands, a national structure fulfilling some typical PES activities, such as profiling unemployed, is done by the integrated employee social insurance institution UWV (Uitvoeringsinstituut voor Werknemersverzekeringen), which is in charge of both unemployment and disability benefits.

Municipalities, local administrations in charge of vulnerable groups

Depending on the institutional organisation of a country, the level of decentralisation and the split of responsibilities for integrating vulnerable groups into work, municipalities running PES, or social service departments of local and regional governments may conclude their own partnership agreements.

National authorities

In the absence of a PES organisation at national level, partnerships, in particular in form of subcontracting may be led by the national ministry in charge (e.g. Australia).

Private actors

The private partners in the sense of non-public partners can be broadly grouped into supply-side oriented providers, meaning that they are specialized to offer their services to integrate jobseekers into work or demand-side oriented, and thus regarding employers as their main clients. Demand-side oriented private actors (e.g. temporary work agencies (TWA), social enterprises, companies with social corporate responsibility) are hereby playing different roles: as potential partners in PPP to deliver services to jobseekers and as employers. Private employment placement agencies and temporary work agencies may also perceive themselves as competitors to PES in the area of labour intermediation. In this respect, the challenge for setting up PPPs consists in defining a mutual interest to cooperate. In the following an overview of main non-public partners (in a broad understanding of “private”) and their potential interest and value-added for engaging in a partnership is given. In many cases, private for-profit labour intermediators have developed a mixed service structure and the boundaries between different types of providers become blurred.

Temporary work agency (TWA)

Temporary work agencies act as intermediaries between workers and the employers where workers are temporarily placed. TWAs play only a marginal role in terms of the number of persons employed in most countries. In 2019, 2.1% of employees in the European Union aged 20-64 worked for a temporary work agency. At the EU level, this accounted for 2.5% of employed men aged 20-64 and for a slightly smaller share of employed women (1.7%), with however large variation across countries.²

The TWA market itself is quite heterogeneous. Among TWAs, there are some large players and a large number of medium sized or smaller agencies. On average, they tend to employ more low-skilled workers, as compared to the overall employment structure in countries (Eichhorst et al. 2013; Spermann, 2016). Nevertheless, some TWAs are specialised on serving the high-skilled market segment; in this specific case, their services are usually complementary to PES services. While their core business traditionally has been to lend temporary workers to companies, TWAs may also provide HR consultancy services, provide business and technical consultancy for specific sectors and act as recruitment agencies. The core business of TWA is demand side oriented, their main clients being employers. To find adequate worker profiles for companies, TWAs are also offering training to potential workers and large TWAs have set up own training

² <https://ec.europa.eu/eurostat/de/web/products-eurostat-news/-/ddn-20200518-1>, Temporary agency workers across EU regions information posted on 18.05.2020

organisations, often for very specific labour market segments. Some TWAs have also been expanding their supply-side type of activities in response to outsourcing PES services.

In some countries, TWAs have been founded to place vulnerable groups in particular. In some countries even the PES has founded TWAs (e.g. in the Netherlands in the 1970s, see Finn (2016)) or TWAs for placing vulnerable groups are run by NGOs or NPOs (e.g. in France³). To serve vulnerable groups – e.g. long-term unemployed, young people not in employment, education or training (NEETs), or other groups with placement difficulties – some for-profit TWAs have created their specialised units or have created own subsidiaries (e.g. in Belgium, Netherlands).

An important motivation for PES to set up partnerships with TWAs is rapid integration into work, and the expectation that more jobs are created. TWAs offer companies the possibility to screen workers and then potentially hire these workers as regular staff later. However, there have been different views about the quality of jobs offered by TWAs and this may affect the relationship among PES, TWAs, and the sustainability of employment. Evidence on outcomes is not clear-cut, with different effects potentially occurring. On the one hand, the effects of TWAs may include: (i) expanding the number of jobs as a result of increased labour market flexibility; (ii) productivity gains as TWAs allow for screening the worker and (iii) an opportunity for unemployed people to enter the labour market and acquire skills. However, these potential benefits must be balanced against other possible considerations, such as: (i) possible trade-offs between efficiency and equity when deregulating labour markets; (ii) underinvestment in general and firm-specific skills by the user company and the worker; and (iii) mixed evidence on the effects of TWA work on longer term incomes, job-stability, and the likelihood of workers transitioning into permanent roles at TWA user companies. The different effects of TWAs are examined in a literature review by Eichhorst et al. (2013).

Type of partnerships between the PES and TWAs include:

- TWAs can be partners of PES as potential providers of employment services through subcontracting agreements, implemented through tendering or through placement voucher systems. Placement can be done through jobseekers hired as temporary agency workers, or placed directly at companies.
- Subcontracting for placing specific target groups (e.g. disadvantaged youth) as temporary agency workers.
- A market relationship exists also without a cooperation agreement, as TWAs are also clients of PES as they are searching for workers.
- PES and TWAs may identify a common interest, which would be a commercial interest of TWA and the intrinsic interest of PES in placing jobseekers into the labour market. In the Netherlands, Belgium and France for example some large TWAs and/or TWA federations have signed broader cooperation agreements with the PES covering different fields of activities, that go beyond subcontracting arrangements (see Box 1 for an example):
 - Exchange of vacancies and cooperation;
 - Commitment to integrate specific target groups (e.g. integrating young people);
 - Exchange of information; or
 - Cooperation to develop skills in demand.

³ Associations intermédiaires, <https://travail-emploi.gouv.fr/emploi-et-insertion/insertion-activite-economique/article/associations-intermediaires-ai>, and some of the temporary work agencies for labour market integration (entreprises de travail temporaire d'insertion, ETTI) (Dares 2019). 30% of ETTIs are not-for-profit organisations, the remaining are for-profit enterprises (Dares, 2019).

Box 1. A new framework agreement in France

On 12 May 2021, the French PES *Pôle emploi* signed a three-year framework agreement with a large temporary work agency with the aim to deepen their longstanding cooperation, in order to support rapid labour market integration of unemployed as well as to overcome skills shortages of employers and to embed their cooperation in a wider local partnership. The framework agreement contains a commitment to improve the communication and exchange of information between them. Regular meeting between the staff of both the PES and the private TWA-*Prism'emploi*, are planned. The representatives of the organisation of training of the OPCO (*Opérateurs de Compétences*), in charge of the training policies at regional level as well as special social support funds for temporary agency workers (FASTT⁴) will be associated to these regular exchanges. A cooperation between the two organisations with regard to profiling practices and improved access to data banks containing profiles of jobseekers has been agreed. For bottleneck occupations, the new cooperation foresees establishing exchanges between a temporary agency worker in an occupation and jobseekers so that the jobseekers learn more about occupations in demand. Finally, the agreement also foresees the joint development of strategies for skills development of temporary agency workers to adapt their skills to meet labour market demands. It is too early to assess the success of this new type of strategic partnership.

Private recruitment agencies

Private for profit recruitment agencies are in general specialized on specific labour market segments, and provide guidance and HR services to employers. They can be regarded as being demand side oriented, although they may also provide training for candidates to make them fit to employers' demand. They often cover a different labour market segment than PES, focusing on recruitment of talents. These companies may have contractual arrangements with PES for providing e.g. guidance services and placement services for skilled workers (as e.g. in the UK during economic downturns, see section 3 for details). In the UK, the association of recruitment agencies REC is also having regular consultation with the Department of Work and Pensions (DWP) of the UK government. It also produces labour market analysis, which is shared with the government.

Online job-search platforms

Some online platforms are limiting their services to online job brokerage, others offer it as part of many other services (Cedefop, 2019). Some platforms cover only specific sectors or labour market segments (e.g. for green jobs⁵), while others (such as the Manpower Group, Monster or Global Jobs Services) operate globally and across sectors. Linking the online platforms to the vacancy platform of the PES is an important possibility for the PES to increase labour market transparency and collect vacancies.

As part of their new e-service package for jobseekers, the Austrian PES AMS has launched a new jobsearch platform in April 2021, called *Alle Jobs* ("all jobs").⁶ Using web crawling technologies as well as agreements with some job portals (not all job portals and social media networks allow the use of their data), the new platform combines two types of vacancies:

⁴ <https://www.fastt.org/>

⁵ E.g. <https://greenjobs.nl/en/about-greenjobs>, <https://www.greenjobs.de/>, <http://gronajobb.se/>

⁶ <https://jobs.ams.at/public/emps/>, <https://www.youtube.com/watch?v=XI09Dz30Eko>

- Vacancies the AMS collects and registers itself and which comply with AMS quality criteria for job vacancies;
- Links to other providers or individual companies for the vacancies that are not registered with the PES.

The objective of the AMS is to roughly double the number of vacancies shown in the job-search portal, to cover 90% of all vacancies available over the country. Random quality checks of vacancies not registered with AMS are made, and if necessary providers of these vacancies eliminated. The objective of the AMS is to increase transparency at the labour market. The interest of private job portals is to agree to the linking of their vacancies in order to increase visibility.

Social media platforms

Social media platforms cover in general specific labour market segments (e.g. LinkedIn for professionals). They have become active as new actors in the labour intermediation ecosystem. The platforms may offer new avenues for improving the knowledge base. This may lead to new fields of cooperation in the future, e.g. in the area of sharing knowledge, or as providers of labour market intelligence may evolve.

Private for-profit counselling and placement providers specialised on disadvantaged groups (private reintegration firms)

As part of the labour intermediation “ecosystem”, private for-profit companies are specialised in performing services for the PES, including placement and related services, implementation of employment incentives and other active labour market programmes (ALMPs), and providing welfare-to-work services. They are often specialised on serving vulnerable groups. They perform the type of services the PES offers and are serving jobseekers in the first place. These companies, hence, are primarily supply-side oriented and need to build up networks and develop strategies to acquire vacancies similar to the PES. Large providers dominate the market for tendering employment services in Australia and in the UK. In both countries, a small number of large providers are selected and hold contracts with the government, but may themselves work with a network of subcontractors. Besides the large outsourcing schemes in Australia and the UK, somewhat smaller scale outsourcing exists in many other OECD countries. While larger international companies from Australia and UK are also represented in other countries, small and medium size employment service providers also contract directly with government authorities. Companies offering employment services may also be providers of training measures for jobseekers with placement barriers.

NGOs and NPOs

A wide range of NGOs and NPOs are providing employment services, offering different types of services along the employment services value chain to vulnerable groups. The market of employment service providers in this area is highly heterogeneous and service providers vary in their profiles. They may be NGOs offering all sorts of information and services to a specific target group and non-for-profit companies created with the objective to offer specialised employment services. Their services are mainly complementary to the PES. They usually have their own network of partners, e.g. for referring their target groups to specialised agencies or to place target groups in sheltered workshops, social enterprises or companies with social corporate responsibility schemes. In some cases, they are also running social enterprises themselves and are directly implementing ALMPs.

One benefit for the PES to work with specialised NGOs is that they bring in expertise in relation to the target group as well as their own supply side and demand side networks. These networks are also helpful for a better outreach to the target group. For example in the case of Estonia, the PES has outsourced peer-counselling services for workers and jobseekers with reduced ability to work. This has helped to outreach more people with disabilities. Peer counselling focusses on the exchange of knowledge, experience and advice between individuals with a similar disability or illness. The *Chamber of Peer Counselling Estonia* is

a key player in the cooperation. As an umbrella organisation, it has a register of recognised peer counsellors. The selection of peer counselling providers by the PES is based on a qualification competition. Clients are referred to peer counselling by the case manager of the Estonian PES. The PES finances each counselling session out of ESF funds managed by the PES. The providers of the service are mainly NGOs specialised in servicing people with disabilities. The success criterion is the number of participants staying or becoming active in the labour market and activity processes are monitored and need to be reported to the PES. In addition, satisfaction surveys are conducted every two years for quality assurance. A key management instrument are regular discussions with the service providers from disability organisations and the agreement is reviewed one to two times per year (Sömer-Kull, 2021).

Third sector employment service providers are not-for-profit organisations whose main objective is the job insertion of people experiencing serious difficulties in the labour market. They include, e.g. “social cooperatives” in Italy, “social enterprises” in the UK, and “cooperatives of general interest” in France (see Box 2). The aim of the services these organisations offer is often beyond work integration. Depending on the target group, counselling, training and work experience often are part of a wider (re)socialisation strategy for the clients. This applies, in particular, to people with disabilities and those with serious social and health-related problems (alcoholics, drug addicts, people with mental illnesses, ex-prisoners, and so forth) (European Job Mobility Partnership, 2010). Most social enterprises are small entities (European Commission, 2020).

Box 2. Social enterprises in France and Austria

Social enterprises supported by Ashoka in France

Ashoka is a non-governmental organisation that identifies and supports social entrepreneurs with the aim of multiplying the impact of social enterprises. An assessment made by McKinsey, a consultancy, on the societal quantitative and qualitative benefits of 10 social enterprises supported by Ashoka France showed positive results. The activities of these 10 social enterprises helped to reduce spending on unemployment benefits, means-tested minimum income and other welfare spending in the area of housing, health, and over-indebtedness, and generated tax revenues. These benefits were larger than subsidies made to support the activities. A positive impact was also recorded in terms of creation of sustainable employment (Ashoka and McKinsey, 2012).

Sozialökonomische Betriebe (“social enterprises”) in Austria

In Austria, an evaluation of the activities of social enterprises (*Sozialökonomische Betriebe SÖB*) has shown positive results, in particular for women, older workers and workers with disabilities. On average, around 30% of participants found a non-subsidised job after having been employed by a social enterprise (Feiler et al. 2015). SÖBs form a subsidised labour market with the objective of making hard-to place people job-ready under a comprehensive support-service package. The target group encompasses long-term unemployed, older jobseekers, people with disabilities, people with other, often multiple, severe labour market barriers. Alongside the provision of fixed-term “transition jobs”, the programme offers targeted skills training and a holistic care and support package to participants. Each participant’s time working at a SÖB is structured in the following phases: preparatory phase, introduction phase, training and employment phase, job seeking phase, concluding phase and follow-up. Employment is provided under a formal employment relationship with a salary level set according to the collective agreements of the sector. SÖB work closely with AMS, offering provision for the long-term unemployed that combines temporary employment, skills training, socio-pedagogic support and placement in regular jobs. The local AMS offices allocate the registered unemployed to work in SÖB. Socio-economic enterprises are largely financed by the AMS (e.g. subsidising wage costs, training

costs, costs for socio-pedagogic guidance) but they must also generate enough revenue to cover at least 20% of their expenses (European Commission, 2015, AMS 2018).

Source: Ashoka and McKinsey (2012) and European Commission (2015).

A challenge consists in building up capacities of NGO/NPO actors in countries where they are not yet present or only operate on a low scale. While social enterprises have the potential to integrate hard-to-place jobseekers into jobs, the jobs they offer are of lower productivity than jobs offered by regular companies (European Commission (2020) and Dares (2019) for labour market integration companies in France). A key challenge consists in avoiding stigmatising effects and to foster the transition to the unsubsidised labour market for workers who do not have permanent reduced work capacities.

Other types of providers

Training institutions

There are a number of private actors, NGOs and training institutions implementing ALMPs. In some cases these providers have as one of their tasks also placement of candidates after participation in training. The type of PPPs range from a voucher system for training measures as is the case in Germany to contractual arrangements for the implementation of ALMPs. Challenges in the voucher systems relate to training participants choosing the appropriate training providers and ensuring that training providers offer “relevant” training that meets labour market needs (OECD 2019a). Innovative approaches include wider partnerships between training provider, the PES and employers in order to increase the efficiency of training to reduce skills mismatch (see e.g. the example of the operation of *implacement foundations* in Austria in section 3 below). Initiatives for cooperation may not only come from the side of PES, but the training provider may also approach the PES for cooperation.

Social partners

Social partners play a decisive role for the design and strategies to deliver employment services, as they often are represented in the PES board. In addition, they are also potential partners of PPP, or are involved in wider PPP agreements. In the context of economic restructuring, social plans may include outplacement arrangements and there are numerous examples where they cooperate here with the PES as well as with private outplacement companies that have been created for this purpose. Social plans may foresee co-financing of outplacement measures. Thus, PPP in this case help to extend the coverage of employment service as well as to bundle financial resources. New forms of cooperation between social partners and their programmes, PES and other actors have been set up as strategic approach to manage employment services or to join resources in times of crisis (see examples from the Netherlands and Austria in section 3).

Placement services of Higher Education Institutions and other actors (e.g. Chambers)

Higher education institutions and Chambers have often their own placement services and networks. PES may cooperate with public and private higher education institutions, chambers as well as employers when

organizing jointly employment fairs. Other form of cooperation is through establishing a network between these different types of actors⁷).

2.3. Forms of public-private partnerships

In practice, OECD countries have developed a variety of partnership approaches to meet their policy objectives and to increase effectiveness and efficiency of service delivery. This is a very dynamic area, leaving space for innovation. This means that results of new approaches and cooperation need to be closely monitored and evaluated. This is challenging for policy makers. Davern (2020) has grouped different forms of PPPs as follows:

- agile partnerships “for producing quick solutions to time-limited and specific problems as they emerge”, e.g. in times of crises (see e.g. example of the UK in section 3);
- sub-contracted partnership arrangements (see for details on contractual arrangements see Output 4 Note “Contracted-out employment services in outcome-based contracting”);
- co-constructed partnerships that enable partners to share power, responsibility and expertise (see for example for new type of PPP agreements in Belgium or new ways for financing and managing social investments through social impact bonds, as shown in the Output 4 Note on “social impact bonds”); and
- supportive partnerships that are “catalysts for the growth and success of participants and provide space for members to grow, succeed, and generate innovative ideas”. These partnerships may be looser in structure. For example in France, *le Lab* has been put in place by the French PES to enable exploring partnerships and developing innovative approaches for tackling a specific problem.⁸ Another example would refer to the setting up of regional transition teams in the Netherlands (see Section 3).

Thus the depth of cooperation may vary and range between a loose cooperation and voluntary exchange of experience, agreements on a common understanding and commitment to common objectives, delegation of tasks, agreements on joint delivery of services, agreements on sharing information and building up labour market information systems, outsourcing of services or service packages (e.g. through tendering, vouchers).

The following table summarises the different forms of PPP arrangements, underlying objectives, advantages of partnerships and challenges.

Table 1. Forms of public-private partnerships

Objectives	Forms of PPP	Advantages	Challenges
Increasing coverage of services	Tendering	(i) Flexibility of service provision, e.g. in the context of business cycle / economic crisis (ii) Overcoming limited structural capacity of PES in a context of less well developed public sector agencies (geographical coverage; high staff caseload). Increase quality of service	Limited PES capacities may also include limited governance capacity of PES Systems may be prone to creaming/cherry picking of jobseekers depending on the set-up
	Voucher		
	Private partner: different types of providers; TWA, recruitment agencies, HR services, large specialised employment service providers		

⁷ In Colombia the PES has established a network of labour market intermediaries, including Chambers and universities, in order to expand the coverage of employment services across the country, as the PES has limited capacities. (Avila, 2017).

⁸ <https://www.lelab.pole-emploi.fr/>

<p>Creating a quasi-market</p> <p>Gaining efficiency through a market system approach</p>	<p>Tendering</p> <p>Mainly large specialised employment service providers (often specialised on disadvantaged groups)</p>	<p>Gaining efficiency through a market system approach</p> <p>Customer choice (voucher systems)</p>	<p>Defining criteria for referring / profiling</p> <p>Mix of input and outcome related pricing, in order to ensure quality of service and avoid parking</p> <p>Requires high governance capacity</p>
<p>Sharing / combining expertise</p> <p>Offering complementary services</p>	<p>Partnership agreement or outsourcing specific services (either referral or voucher)</p> <p>Private partner: specialised private provider or NGO</p>	<p>Improving the quality of the service and division of task</p> <p>Implementing ALMP measures financed through PES; counselling financed through PES;</p> <p>Outreach also through external providers; Expertise through external provider</p>	<p>Good governance; continuous communication on potential issues related to the target group</p>
<p>Improving outreach to employers</p>	<p>Cooperation with TWA and recruitment agencies</p> <p>In general</p> <p>For specific target groups (e.g. youth)</p>	<p>Higher placement probabilities</p> <p>Transitional labour market effect</p>	<p>Avoid substitution and deadweight effects</p> <p>Too high expectations for the stepping stone effect</p>
<p>Sharing financial resources and risks</p>	<p>E.g. in the context of economic restructuring (outplacement)</p> <p>Co-financing (social plans established by social partners in the context of industrial restructuring)</p>	<p>Additional resources (financial and human resources) in case of large dismissals in a given labour market context;</p> <p>Structured approaches</p>	<p>Avoid substitution effects that would occur if dismissed workers get more and better counselling and access to ALMPs than other unemployed.</p>
<p>Bundling resources to overcome skills shortage</p>	<p>Mutual engagement / contract for providing training and a job between PES and employers;</p> <p>General or for specific target groups</p>	<p>Training for skills which are in demand at companies and for which companies face recruitment problems</p>	<p>Avoid deadweight effects that would occur if people and companies had invested in training anyway. Therefore it is important to target this measure well and to thoroughly assess skill shortage</p>
<p>Sharing vacancies</p>	<p>Cooperation agreement</p>	<p>Increasing efficiency; larger market shares; interest for private providers PES CV database and IT-/placement automation system</p>	<p>Overcoming competition between PES and private providers</p>
<p>Sharing knowledge</p>	<p>Cooperation agreement</p>	<p>Increased knowledge base</p>	<p>Overcoming a competitive stance, developing towards a mature form of partnership built on mutual trust</p>
<p>Delivering of Training</p>	<p>Voucher, contracts</p>	<p>Voucher: choice and self-responsibility of jobseeker</p> <p>Contracts with training institutions: Professional delivery, may deliver modularised certified training within the system; match better training needs of employers</p>	<p>Make sure jobseekers can make an informed choice; skills needs assessment and guidance may be necessary.</p> <p>Make sure training offers match employer skills needs</p>

Source: Author's compilation.

3. Examples of public-private partnerships

3.1. Strategic partnerships between PES and temporary work and recruitment agencies

The example of PPP between the PES and temporary and recruitment agencies in the Netherlands and in the Flemish part of Belgium are of interest for Bulgaria as they show that over time the PES and TWAs and recruitment agencies have been building mutual trust and a common understanding of labour market challenges. This was the basis for enlarging partnerships and increasing their scope. This is in the interest of both, the PES and the private employment agencies.

Example of the Netherlands: from subcontracting to building networks of intermediation service providers

Background

In the Netherlands, on the public side, a double structure of employment service provision exists. On the one hand, the PES UWV is in charge of treating unemployment and disability benefit claims and is in charge of employment services with its network of 35 regional offices. On the other hand, municipalities run their own employment services to serve social assistance recipients. Both UWV and municipalities subcontract employment services. There is a long history, starting in the 1980s, of building up capacities to provide employment services through private providers, including TWA and recruitment agencies as well as reintegration companies in particular for vulnerable groups. This helped to create a common understanding on labour market challenges between the actors.

Hence, temporary work agencies play an important role as labour market intermediaries in the Netherlands. This is reflected in the fact that the share of workers employed by TWAs is much larger than in any other EU country. Across European regions, temporary agency work was most common in North Netherlands where they represent 6.6% of all workers in 2019.⁹ Also when looking at job search methods, a higher share of unemployed contact private employment services in order to find a job than in many other countries (32.8% in 2020, well above EU-27 average of 21.3% (see Annex Figure). Because of a long-standing practice of outsourcing employment services, the big TWAs have their own agencies delivering the employment services. Around a fourth of unemployed searching for a job through the TWAs have multiple employment barriers. For this group of unemployed specialised services are needed. Some of the TWAs have therefore developed specialised services and have branches that are more jobseeker-focussed.

For providing unemployment services to groups with very specific needs (in particular people with disabilities), the main actors are private reintegration service providers. Many among the larger reintegration firms are spin-offs from public organisations such as the social security organisations (now merged to UWV). Other reintegration firms were founded by temporary work agencies. In addition to these organisations there is a large number of new private firms offering reintegration services (de Koning 2004). After a rather critical assessment made by research on the functioning of the privatised reintegration market

⁹ <https://ec.europa.eu/eurostat/de/web/products-eurostat-news/-/ddn-20200518-1>, Temporary agency workers across EU regions information posted on 18.05.2020.

(e.g. de Koning, 2004), changes have been introduced to the tendering and contracting procedures towards a result-based contracting.¹⁰

The most recent change introduced by UWV in 2016, is an “open house” contracting philosophy. Open house contracting puts the individual and not the provider in the centre. The choice of the provider is made jointly by the UWV counsellor and the jobseeker. Customer satisfaction is monitored, and repeated underperformance results in providers being (temporarily) excluded from the provider list. In case of complaints, clarification meetings with the provider are set up. The providers are not obliged to serve all jobseekers which are referred to them.

Approaches to improved partnerships and social innovation

Over the past decade UWV has outsourced employment services in the context of specific programmes (e.g. for older unemployed, national programme for young people in 2011). Cooperation, however, goes beyond contractual relationships and is based on a mutual understanding about the benefits of cooperation. Examples of good cooperation between the PES and the private employment service providers in the Netherlands are:¹¹

- UWV has an agreement with the federation of TWA (ABU - (Algemene Bond Uitzendondernemingen)) formulating a common interest.
- There are regular meetings between UWV and ABU. For example, one issue discussed is a revision of the profiling system, with a higher focus on skills.
- Sharing of vacancies is another area of cooperation. Through organising the job search portal in cooperation with private partners the majority of Dutch vacancies are posted at *werk.nl*, the PES vacancy database.
- At local level, there are some focused projects for integrating unemployed who are distant from the labour market; for example, the TWA Randstad has signed an agreement to place difficult-to-place jobseekers into the labour market through the project Baanbrekend (see Box 3).
- The Public and private Employment Services together with the bipartite training fund have set up “Servicepunt Flex” to link jobseekers with TWA and available ALMPs. In this way, “Servicepunt Flex” promotes partnerships on the regional level. UWV Service Point Flex is the bridge in the public-private partnership between UWV, municipalities and the temporary employment sector. Servicepunt Flex has permanent contacts with the 2 largest trade associations: ABU and NBBU (Nederlandse Bond van Bemiddelings- en Uitzendondernemingen) as well as DOORZAM, the training and development fund of the temporary employment sector. Servicepunt Flex is also exploring possibilities for the jobseekers to participate in a relevant ALMP (subsidies, specific UWV schemes training opportunities for temporary workers).¹²
- During the COVID-19 the Ministry of Social Affairs & Employment bringing UWV, social partner, TWA, training institutions and other partners together has introduced pandemic regional transition teams. The objective of bringing these actors together is to ease cross-sector and occupational transition, which has been one of the main challenges of the recent crisis induced by the pandemic, as sectors were affected unevenly. The Ministry of Social Affairs & Employment as the awarding authority of ALMP budgets has created the contractual arrangements for the development of “Regional labour market transition teams”. The precise formation of the team may differ in each individual labour market region. The services provided supplement those already available from the UWV and municipalities. These include career counselling, labour market orientation,

¹⁰ Fact finding mission / interview with ABU.

¹¹ Source: fact-finding mission

¹² <https://www.werk.nl/werkgevers/wervingsadvies/servicepunt-flex/index.aspx>

vocational education and training, job matching and coaching, as well as services designed for specific jobseekers, for example mental health support or financial consulting. A special focus is also placed on supporting disabled workers through services to keep disabled workers “fit for work” and through sheltered work. (European Commission, 2021).

Box 3. Finding employment for hard-to-place jobseekers the project Baanbrekend in the Netherlands

The TWA Randstad has signed an agreement with Dutch municipalities to place difficult-to-place jobseekers into the labour market through the project *Baanbrekend*. The approach can be seen as a “co-creation” between Dutch municipalities and Randstad Netherlands. Randstad contributes to the objective of the Social Services of municipalities to integrate unemployed with a short or longer distance to the labour market¹, in general receiving social assistance, into work by using Randstad’s database of vacancies and its services for matching and guiding people. The Baanbrekend team is made up of employees from Randstad and those municipalities across the country, which agreed to cooperate. Matching candidates and employer takes place within one integrated team in which both parties contribute competencies. All job-ready candidates are screened through the labour market value scan, follow a workshop and are assigned a contact person. The objective is to get customers to work within 8-13 weeks, through any type of job (permanent jobs, part-time jobs, temporary work). The starting point is always to get the unemployed into work first. It is, however, also possible to further develop employability of benefit claimants who are not yet 100% productive together with the employer. In this case, Randstad uses instrument the Reintegration Practice Agreement and convinces the employer to invest in the employee. In return, the employer receive a wage cost subsidy for the period in which the benefit recipient is not yet sufficiently productive. The objective of all parties must be to guide the beneficiary to a regular employment as quickly as possible. There are, however, no evaluation results available on this initiative.

Notes: 1. This means that people must be able to find work within 3 to 6 months.

Source: <https://www.randstad.nl/werkgevers/onze-hr-diensten/hr-oplossingen/publiek-private-samenwerking>

Example of Belgium (Flanders): from outsourcing to the co-production and innovative approaches for employment services

Background

In the Flemish part of Belgium, outsourcing employment services by the Flemish PES VDAB has been implemented for the past two decades. During the first phase in the years 2000s, VDAB delivered basic services in cooperation with private actors in local job shops¹³ (Struyven, 2016). In addition to VDAB employment services, tendering was perceived as a complementary way to enhance not only capacity but also innovation. Subsequently, the pure contractual relationship between VDAB and private employment providers was developed further and more actors were included, such as educational institutes, sectors, local government bodies, business enterprises, care facilities, temporary agencies, trade unions and

¹³ A job-shop is a place offering a broad range of services for job seekers as well as employers. Various equal partners provide these services at various locations (mainly near to the residences of the customers). <https://www.oecd.org/cfe/leed/37729245.pdf>

employer's associations. This has led to a new type of partnership founded on jointly set objectives, shared responsibilities, bundling of expertise and the shared contribution of resources (Struyven, 2016). Starting with the agreement signed in 2005, this has marked the type of partnership VDAB has with Federgone, the sector association of TWAs (which has also recruitment agencies and training providers among its members, with 600 members all over Belgium). Federgone, as a member of the employers' organisation, is represented in the board of VDAB, which has a tripartite structure.

Outsourcing is organised in the following way for different types of services:

- Mainly, tenders are made for a specific number of jobseekers. Jobseeker cannot choose the provider. Subcontracting arrangements are based on segmentation of jobseekers according to their distance to the labour market. The distance to the labour market is assessed through a statistical profiling tool. The profiling model estimates the probability of becoming long-term unemployed based on a range of socio-demographic characteristics, qualification, and work history.¹⁴ Jobseekers are classified into four groups in order to allocate them to service streams (Desiere and Struyven, 2020). The profiling of jobseekers is done by VDAB. For the TWAs this type of tendering represents the most important engagement with VDAB
- VDAB also launches call for tenders for very specific target groups (e.g. people with disabilities). Typically, NGOs will be contracted for these groups.
- Career guidance for employed workers is delivered by private employment services through a voucher system, managed by VDAB. VDAB has a list of mandated companies, including TWAs that can offer the service.

Approaches of a widened partnership between the PES and TWA

One of the strength of the PPP approach in Flanders consists in designing jointly some of the governance elements for the labour intermediation system.

- VDAB and Federgon have jointly worked on a certification system and quality criteria for outplacement service providers. Its meant to assure that the private provider is meeting certain quality standards. Getting the certificate requires that the outplacement service share its counselling and follow-up documentation in a web-based application 'Mijn Loopbaan voor Partners' (MLP) of the VDAB. Federgon and the training fund are involved in the further development and application of MijnLoopbaan, the personal Development Plan.¹⁵ In addition, the counsellors at private providers need to undergo an aptitude test. The outplacement agencies need also to have a client satisfaction survey in place as well as to adopt the complaint procedure. Outplacement service providers can get voluntarily a certification. This is to signal the employers the quality of the employment services provided.¹⁶
- VDAB has launched a pilot to test the introduction of a voucher system for employment services delivered to jobseekers (information provided in an interview with VDAB). The payment structure for this voucher system contains an activity based and an outcome based component. One issue is whether the jobseekers, in particular those most distant from the labour market, have the skills to choose the most suitable provider for them. This pilot is run as a randomised control trial and will be evaluated by the University of Leuven and Hasselt University.

¹⁴ More recently, VDAB has developed a sophisticated AI-based profiling models to predict a jobseeker's likelihood of work resumption, however, this new method has proved to be more discriminatory than the traditional methods.

¹⁵ <https://www.vdab.be/uitzendsector/samenwerking.shtml>

¹⁶ <https://federgon.be/fr/les-membres/labels-de-qualite/certo/>

- VDAB is implementing two experiments with social impact bonds¹⁷.

3.2. PPP with temporary work agencies and recruitment agencies to extend the service coverage

In some countries, PES services are not far-reaching enough to provide comprehensive services to all jobseekers, while other countries seek to complement the public provision through outsourcing parts of their provision. Especially during a downturn, with rising numbers of unemployed and long-term unemployed there may be a strong case for augmenting public provision with private provision through contracting out employment services (see Output 4 Note “Contracted-out employment services in outcome-based contracting”). An example, for a quickly set-up and time-limited form of outsourcing employment services to private recruitment companies in the UK is provided in Box 4. In Italy, outsourcing provision to private providers is a regular element in the provision of publicly-funded employment services and presented in more detail here.

Box 4. Front line Job Centre Support for Professionals by PES and private recruitment agencies during the financial crisis 2008/2009

In March 2009, in response to rising unemployment following the financial crisis of late 2008, the Government introduced an initiative to help newly unemployed people, particularly those who had been in jobs for many years and made redundant by the crash in the financial services sector, to navigate the challenges of job finding and support their search for new employment. The candidates for receiving outsourced coaching services were those who were in receipt of Jobseekers Allowance who had become unemployed after a period of long-term employment. They needed the job search skills and advice on how to transfer or update their skills to secure jobs. In the first nine months, the scheme helped to equip over 40,000 jobseekers from professional backgrounds with the skills they needed to get back into work. The scheme ran from 2009-2012.

The initiative was run by DWP in collaboration with the REC. A UK-wide list of approved private sector suppliers was drawn up from the membership. The provider was not able to subcontract the work. The collaboration involved specialist recruiters providing bespoke coaching to jobseekers. The Jobcentre Plus (JCP) could simply refer jobseekers to an approved list of recruitment specialists in the local area for some targeted support (including sector specific guidance as well as raising awareness of different recruitment channels and evolving hiring procedures). Approved recruitment specialists involved in the scheme received a small set fee (usually £150) for each guidance session.

Source: information provided by REC.

Example Italy - placement voucher

Background

The example of Italy is relevant for Bulgaria, as outsourcing employment services in Italy has been set up as a strategy to overcome weaknesses in employment service delivery by the PES (OECD 2019b). The

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https://www.vdab.be/sites/web/files/doc/partners/projecten/webpagina%20SIB%20voor%20vertaling_EN%2022%20nov.pdf

share of unemployed indicating they look for a job by contacting a private employment service is below EU average and at similar levels in both countries (around 10%, see Annex). In order to expand the capacities, Italy has increased the contracting out of employment services. As Regions are rather autonomous, there is a variety of models in doing so, and not all regions have the same commitment and political objective to develop the private provision of employment services. In general, the private providers have to be authorised by ANPAL, the Italian national PES, based on technical requirements, such as the size of share capital, number of employees and logistic arrangements. The requirements are different depending on whether the provider is a temporary work agency, provides job mediation services or job placement services. Regions, however, often have additional qualification requirements and run their own programmes in addition to the national one. Service contracts are concluded with authorised and accredited service providers to specify the volume of the services and the fees. Alternatively, service vouchers are provided to the jobseekers who can then choose a service provider freely among all the accredited service providers. In any case, the jobseeker has first to register with ANPAL, referred to a private provider or receives an employment service voucher. OECD (2019b) has stressed the need to also increase the capacities of ANPAL and reduce existing inefficiencies for delivering the first step of services.

Example of implementing the PPP in the Region Veneto

The "Jobseeker's Allowance" (*Assegno per il Lavoro*) is an ALMP made available by the Veneto Region to combat (potential) long-term unemployment by supporting unemployed people over 30 in their search for a new job through information, guidance and counselling services, training and support for integration/re-integration into work. Once the allowance has been received (within 10 days), the worker has 30 days to choose one of the 108 accredited bodies for Employment Services in the Veneto Region that are allowed to implement the measures, with 400 offices available across the region. At the time of granting the Jobseeker's Allowance, the Job Centre defines employability profiles related to the degree of distance of the unemployed person from the labour market, and linked to it the degree of aid intensity, which will determine the maximum allowable amount for services aimed at assisting the person's placement/outplacement. The fees have an outcome-based component (signing an employment contract for a minimum of a 6 months period). There are three levels of aid intensity for the employment incentive and related services (note that the maximal fee for training is the same for all three groups¹⁸) (Veneto Lavoro, 2020)¹⁹:

- A: low aid intensity with a maximum support of 3 653 euro in 2021 for jobseekers who have a good chance of outplacement, even independently, in the medium short term (38% of allowances issued in 2020).;
- B: medium aid intensity with a maximum support of 4 264 euro in 2021 for jobseekers with medium low educational qualifications who need outplacement in the labour market (33% of allowances issued in 2020); and
- C: high aid intensity with a maximum support of 5 796 euro in 2021 for people who, due to specific problems, need intensive job search services (30% of allowances issued in 2020).

The private employment service providers offering their services on basis of the voucher system have an agreement with the Regional government, which is a separate scheme from the national one. The jobseeker can choose the provider. A ranking of the provider is made publically available on the regional website of the public employment service, based on input and output results (results regarding the number of orientations, placements, vocational training and client satisfaction).

¹⁸ The training voucher has a maximal amount of 1,700 euro.

¹⁹ Veneto Lavoro, Monitoraggio Assegno per Il Lavoro – Report n. 10, February 2021

Outplacement services include information, guidance and counselling services, training, placement (including assistance in the pre-selection phase, job search support, and placement into internships). Typical activities during the COVID-19 pandemic included promoting occupational mobility from the tourism sector to other sectors (e.g. logistics). This involved training (re-skilling). Some of the barriers for placement perceived by private providers included insufficiently integrated social and employment service delivery (e.g. access to childcare). Private TWAs also encountered limits to place jobseekers who were very distant to the labour market. The existing result-based payment structure did not allow to offer as much specific and resource intensive counselling that would have been necessary..

As at 31 December 2020, 45 469 allowances issued in the form of vouchers in total had been activated (86% of the total allowances granted), offered eventually by ten private employment service providers. Results show that 37% of jobseekers were placed in an employment contract lasting for more than 6 months. Many participants were placed into internships.

3.3. Public-private partnerships to bundle resources for increasing matching efficiency: *Implacement Foundations in Austria*

The Austrian *Implacement Foundations* in essence are long-term training measures for unemployed to train them in occupations with labour shortages. This measure benefits from a mixed financing and a joint commitment of various actors. It builds on a long-lasting relationship of broad partnerships at the regional level, and a tradition of employers contributing to employment services and training provision during economic restructuring. This example is relevant for Bulgaria in the light of ageing workforce and the challenge to overcome labour shortages.

Background

In Austria, partnerships to deliver employment services are manifold and have evolved over time, involving nearly all key actors mentioned in section 2. Many partnerships exist at the regional level (*Länder*) in order to bundle public financial resources of the different actors on the ground and to define a common strategy.

One example of partnerships at regional level are the Territorial Employment Pacts (TEP), which were first set up in the context of a European pilot project in the 1997 and which are still in place. Territorial Employment Pacts (TEPs) are established in the Austrian Federal Regions.²⁰ TEPs are contracted at the regional level to better link employment policy with other policies and thereby improve the local and regional employment situation.²¹ Instruments include, for example, implacement foundations, qualification and training measures, social enterprises, counselling facilities, business start-ups and other innovative projects. A specific focus was set on employment of older workers. The contracting partners vary in each TEP but include the Regional Government, the Public Employment Service (Labour Market Service – AMS), Federal Office of Social Affairs and the social partners. Most partners establish their contracts for a period of one to three years. The evaluations of TEPs (Cullen, Lindsay and Dockrell, 2009; Huber, 2003) have shown that the TEPs have increased the efficiency and effectiveness of the regional approach to active labour market policy, supporting the integration of unemployed persons into the labour market and raising employability. The success is also based on a shared commitment of involved partners.

²⁰ <https://www.unserpakt.at/der-pakt/kurz-erklaert/>

²¹ Pact partners include Provincial Governments, Regional Labour Market Services, Federal Office of Social Affairs, Economic Chamber, Chamber of Labour, Federation of Trade Unions, Federation of Industry, Association of Municipalities, Provincial Chamber of Agriculture, Provincial School Board, gender mainstreaming experts, representatives of employees, representatives of employers, representatives of regional Non-Profit-Organisations, Regional Management Associations.

Another organisational model for providing employment services and training measures – the so-called *Labour Foundations* – has been initially set up by the social partners in the context of the industrial restructuring in the steel industry in Upper Austria²². The Labour Foundations (*Arbeitsstiftungen*) have initially been an outplacement instrument to offer employment services, training and placement measures to displaced workers, and co-financed by various actors. Over time a new form of labour foundation, including target group foundations and implacement foundations (Implacementstiftung) have been set up.

Furthermore, *Target Group Foundations* are set up in the event of exceptional economic difficulties for certain target groups. In principle, both implacement and outplacement foundations for target groups are possible. An essential feature of labour foundations is the participation and co-financing by local labour market actors and affected companies. In addition, there are often subsidies from federal states, etc. Financing is provided by the Austrian PES (AMS) through unemployment insurance and, for part of the skills development and employment-related costs of the measures, through the active funding budget (concept of mixed financing).

Implacement Foundations

The objective of implacement foundations is to offer training and placement services to companies that are facing skills shortages in the local labour market (one typical sector would be health care and elderly care). The implacement foundation can either be set up by one or more companies in a region or industry. Implacement foundation services and measures include staff selection processes, training and further education, possibly practical training (internship) and, if employment in the company does not materialize, active job search.

The details for the implementation of the scheme are defined at regional level. In the example of the *Implacementstiftung Oberösterreich* (implacement foundation Upper Austria), the measure is financed jointly by the AMS, the Austrian PES, and the regional governments. The participating company commits to provide the practical part of the training and has to pay a monthly contribution of around EUR 500 per participant. The company commits itself to employ the participant after successful completion of the training measure.²³

A company can only participate in the foundation if it can be foreseen that it will not be possible to fill certain number of vacancies through AMS placement within the next one to two years, due to labour shortage (a typical bottleneck occupation is old age care nurses). Once this situation has been established, the employer may choose an implacement foundation. The “implacement foundation” is the third party private provider, and different companies act as the implacement foundation in different regions of Austria. Together with the foundation, the employer works out a training plan for the jobseekers, who will take part in the measure (jointly selected by the implacement foundation and the company). This training plan needs to be approved by AMS for receiving financial support for the training. 75% of VET training costs are covered by the regional government of Upper Austria²⁴ up to 2000 euro per participant. The participants received training unemployment benefits from the AMS and a stipend from the foundation. An earlier study favourably reviewed implacement foundations (Wagner et al., 2005).

Reforms introduced to the scheme nationwide in 2016 include requirements for a quality management system. The foundation institution must provide evidence of a quality management system (satisfaction of the participants, case management and implementation of the action plan, including the individual action

²² VoestAlpine Stahlstiftung set up in 1987, <https://www.stahlstiftung.at/Stiftung/Geschichte-der-Stahlstiftung>

²³ <https://www.ams.at/unternehmen/service-zur-personalsuche/foerderungen/implacementstiftung-oberoesterreich>

²⁴ This is a higher contribution than in other Austrian regions which have Implacement Foundations

plans or educational plans). This must also include compliance with the training agreement in the form of a random on-site inspection (BMASGK 2019).

4. General considerations for setting up and managing public-private partnerships

Different criteria can be used to measure the success as compared to a situation in which private and public actors do not cooperate, including tangible and intangible results:

- better placement results of jobseekers in general,
- better placement results for vulnerable groups,
- a higher service quality for public spending on employment services,
- better outreach to those who need support most,
- increased pool of financial and knowledge resources,
- increased market transparency, and
- higher dynamics to find new solutions for the labour market integration of disadvantaged groups and improved matching efficiency.

However, success is not guaranteed and depends largely on good governance of the partnerships. There are hard and soft factors that play a role for good governance, as has been illustrated by the examples presented in section 2 and 3. Table 2 provides an overview.

Table 2 Hard and soft instruments for governing PPP

Hard instruments	Soft instruments
Payment structure for services (by taking result based elements and the distance of the jobseeker to the labour market into account)	Defining common objectives and goals
Accreditation and certification of employment service and labour intermediation service providers	Co-development and co-creation of hard governance instruments and joint delivery of services
Monitoring and evaluation	Piloting, experimentations
Performance assessment (defining criteria, establishing rating systems)	Regular meetings, communication and feedback loops with employment service providers
Well-developed profiling systems to measure the distance of jobseekers to the labour market and determine labour market barriers	Bringing various actors together to ensure good communication and regular exchanges on labour market barriers of jobseekers as well as on recruitment barriers and skills needs of employers
Preparing and regularly reviewing partnership agreements	Evidence-based readjustments of expectations and agreements

Source: Author's compilation

There are many lessons to be learned from the variety of PPP. However, it is important to highlight that the specific set-up responds to a given institutional background, institutional culture, and institutional capacity of the different actors. The form of partnerships depends also on the overall objectives (see section 2). Nevertheless, some general conclusions can be drawn for success factors and caveats for developing PPP.

Main success factors encompass:

- Mutual trust and a common understanding about the value of the partnership,
- A common understanding of the labour market challenges,
- Profound understanding of the labour market challenges of both public and private employment service providers,

- Profound understanding of challenges to deliver employment services and place different groups of workers in relation to their distance to the labour market is necessary for the price-setting in case of outsourcing,
- A common understanding that partnerships concluded for bringing various groups of jobseekers into work is an ongoing learning process,
- Aligned interests, which enables joining resources and sharing information and knowledge.

Working with more private actors and extending the scope of partnerships needs time, as both public and private actors need to increase their capacities. An important element is developing hard and soft governance instruments for PPPs. While successful PPP allow for a more efficient use of public spending, they cannot substitute for public investments into increasing employability of jobseekers and reduce skills shortages and mismatches.

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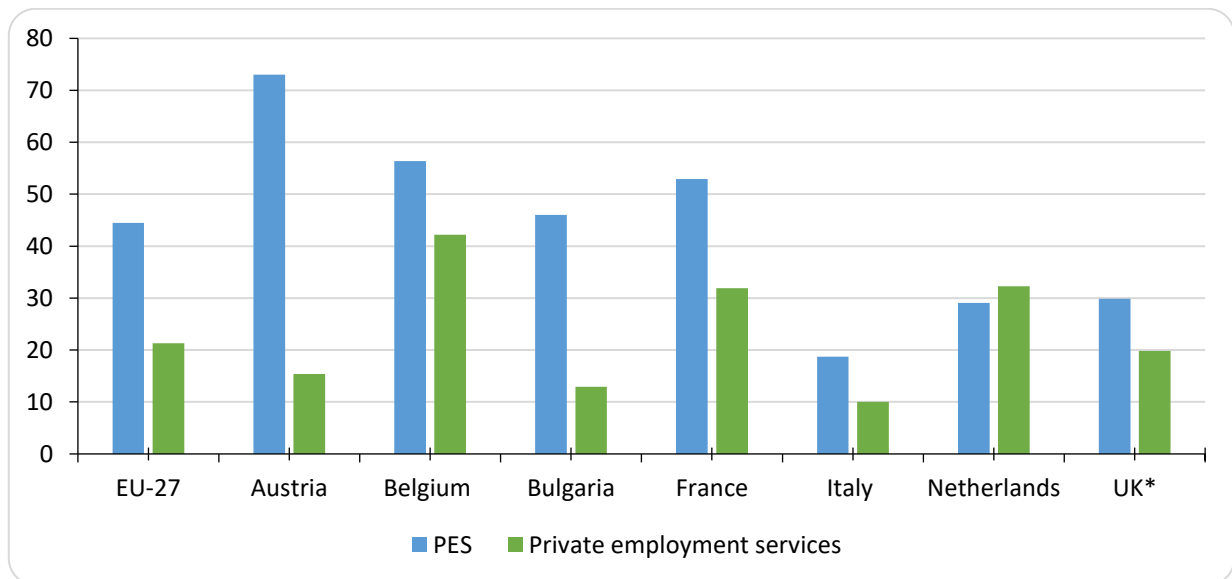
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Annex A.

Figure A A.1. Job search methods of unemployed: looking for a job by contacting the PES and/or a private employment service (in % of all unemployed, multiple answers), in 2020



Source: Eurostat, Labour Force Survey